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Report: development fee downtown 'viable'

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A report by a Seattle real estate appraisal firm concludes that development fees proposed for downtown would be "financially viable" for developers.

The report will be released at the Seattle City Council Urban Planning and Development Committee meeting at 2 p.m. today in City Hall, 600 Fourth Ave.

The report by Resolve, Inc. focuses on fees that are part of downtown height and density changes proposed by committee chair Peter Steinbrueck. Resolve is a real estate appraisal, counseling and mediation firm.

Steinbrueck said Resolve concluded that his proposal for a \$20-per-square-foot developer's fee "would not be a significant factor and is offset by increased development capacity." Money raised by the fee would build affordable housing.

"This is good news, from my standpoint," Steinbrueck said.

The study looked at downtown parcels and modeled the rate of return developers would receive if they developed to the maximum height and floor-area ratios under Steinbrueck's proposal.

He said the study showed developers would see a rate of return of more than 40 percent for some parcels. The most profitable developments appear to be condos, while the lowest return on investment would come from apartments, he said.

The Resolve study also took into account the cost of Steinbrueck's proposal to require new buildings meet LEED silver requirements for sustainability.

Steinbrueck's vision for downtown's future concentrates the tallest buildings in the office core — between Union and Jefferson streets, Interstate 5 and First Avenue. Buildings there would have no height limit, but buildings in Denny Triangle would be limited to 500 feet. Buildings could be as tall as 400 feet in the area between Pine and Stewart on First and Second avenues.

The changes also call for preserving historic buildings and allowing the transfer of development credits in the downtown office core.

Steinbrueck said some of the changes, such as the fee for affordable housing or above-ground parking restriction, might not sit well with developers.

"I want to maintain a positive and constructive dialogue with the development community," Steinbrueck said. "I'm not looking to duke it out."

Downtown developer Martin Selig said the fee for affordable housing, in return for denser developments, is a fair trade-off.

"People like me can afford the fee for housing," he said. "If we get added density and height, it's a balancing act."

As for gaining support among council members, Steinbrueck said no one has raised objections to the proposal yet.

"I don't think there are any losers in this plan," he said, adding that it would increase density in nearly all downtown areas.

Public hearings on the plan are expected in February and the full council will vote on the changes in March.

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